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17 OCT 1984

MEMORANDUM FOR: Deputy Director of Personnel for Special Programs

Deputy Director of Personnel for Policy, Analysis, and Evaluations

FROM:



Liaison Division
Office of Legislative Liaison

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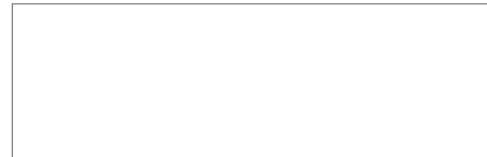
SUBJECT: Senate Action on Amending the Federal Employee Health Benefits Program

REFERENCE: Memorandum for DD/PERS/SP, dated 3 January 1984, Subj: Senate Hearing on the FEHBP

1. Senator Ted Stevens' subcommittee on Civil Service, Post Office, and General Services, which has conducted one hearing and will in April probably conduct another on proposed amendments to the Federal Employee Health Benefits Program (FEHBP), continues to make progress at the staff level. The staffs of Senators Stevens (R,AK) and Durenberger (R,MN) are on the verge of a compromise between each's introduced FEHBP legislation (S.2027 and S.1685 respectively). The draft compromise bill, presently being crafted by the Senate Legislative Counsel, will, if acceptable to both senators, form the basis for the markup of a bill that would be voted out to the full Committee on Governmental Affairs. The "OPM voucher plan" recently introduced, by request of the Administration, by Senator Hatch (R,UT), will reportedly not be a factor in either the hearings being conducted by Senator Stevens or in the marked up bill that is voted out of Senator Stevens' subcommittee.

2. I will receive a copy of the draft compromise bill when it is available to the Senate staff. I am told that S.2027, introduced by Senator Stevens, has survived in largest part. While not yet a part of the bill, I continue to receive staff assurances that they will, in the next draft of the successor bill, include appropriate language exempting the Agency from all possible reporting requirements to OPM, which will satisfy our only substantive concern with either bill as introduced. Senator Stevens' staff also advises that the draft compromise FEHBP bill is not at all dissimilar with H.R. 656, introduced in the House by Ms. Oakar (D,OH). This latter piece of information is, I think, good news for Agency employees.

3. All of the above notwithstanding, there is a 50/50 chance that none of the introduced legislation proposing change to the FEHBP will be moved onto either floor for debate this year. Evidently, the largest impetus for all of the introduced legislation affecting the FEHBP was the insurance industry, Blue Cross/Blue Shield chief amongst them. Some eight or so months later (now), the industry is saying to the Congress that things in the FEHBP aren't as bad as they seemed, and that the industry probably doesn't either need or want the changes made that have been proposed. Given that the insurance industry is the most vocal and influential player in the FEHBP arena, their present disinterest in any legislative change may well carry the day. This issue, of whether to move any legislation or not, will not be decided, according to the Senate staff, for 60 to 90 days.



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